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State Department review completed

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25X1 Approved For Release 2003/01/29 : CIA-RDP79T00975A 004800280001-8 CENTRAL INTELLIGENCE BULLETIN 3 December 1959 DAILY BRIEF 25X1 25X I. THE COMMUNIST BLOC II. ASIA-AFRICA Algeria: The rebels are willing to begin negotiations with France in mid-December, following the current UN debate on 25**%** Algeria and a meeting of the rebels' Revolutionary Council, according to a senior rebel official. 25X 🕯 the Algerian's recent nomination of five imprisoned leaders to negotiate with De Gaulle was not final, and that a revised Algerian delegation would probably be named later this month to take care of French objections. He added that the rebels had no desire to weaken De Gaulle's position, and would be satisfied with a moderate UN Algerian resolution which would endorse the concept of a negotiated cease-fire. *Notwithstanding the rebel commitment to conciliatory tactics, a considerable gulf exists between the French and the rebels, and Tunisian President Bourguiba continues to doubt whether De Gaulle can go further in clarifying his self-determination proposals。]ˈ 25X1 i Approved For Release 2003/01/29: CIA-RDP79T00975A004800280001-8

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Watch Committee Conclusions: | Situations susceptible of direct exploitation by Sino-Soviet bloc action which would jeopardize US interests exist in Laos and in the Middle East; particularly in Iraq. Although situations in Laos and Iraq appear relatively quiet at the present, there are many elements of continuing danger in both countries.

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Burma: The sweeping municipal election victories of former Premier Nu's political followers may soon force Burmese Army leaders to make a firm decision regarding the national elections scheduled for early 1960. The Nu party has achieved victories in seven of eight municipalities, including a sweep of all 35 council seats in Mandalay, Burma's second largest city. This presents the army with the alternatives of risking Nu's return to power, intervening vigorously for Nu's opponents in the national elections, or canceling the elections.

India: Finance Minister Desai estimates that India will need approximately \$294,000,000 in additional foreign aid to finance the remainder of the Second Five-Year Plan (1956-61). This much foreign exchange will be required to meet the payments falling due in 1960-61 on foreign debts and current imports which together will exceed India's expected earnings plus foreign aid already provided. About half this amount is likely to be covered by credits anticipated from the World Bank, Britain, West Germany, and Canada. Desai intends to open negotiations with these creditors and with US officials early in 1960 on aid for 1960-61. The foreign exchange deficit for India's Third Five-Year Plan (1961-66), now being drafted, probably will exceed \$1 billion a year. Desai recently reported to Parliament that prospects for foreign assistance for the Third Plan were "good," although it was too early to say whether the aid would be adequate.

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DAILY BRIEF

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II. ASIA-AFRICA

Burmese Army Concerned by Domestic Political Developments

The decisive local election victories of former Premier Nu's "Clean" faction of the Anti-Fascist People's Freedom League (AFPFL), Burma's governing party until 1958, will force the army, which now rules the country, to decide soon whether to risk a "Clean" victory in the national elections scheduled for early next year and the return of Nu to the premiership, to intervene vigorously in the national elections themselves, or to cancel the elections. Despite the army's known preference for former Premier Ba Swe and his "Stable" faction of the AFPFL, Nu's followers have won overwhelmingly in seven of the eight municipal council elections held thus far, capping their victories by winning all 35 seats in Mandalay, Burma's second largest city.

Leaders of the "Stable" faction have discounted these victories, claiming that their own strength rests in the rural districts which will provide 227 of the 250 members in Burma's lower house of parliament, the Chamber of Deputies. Nevertheless, the decisive nature of Nu's victories, particularly in Mandalay, where his faction won even more decisively than the united AFPFL had in the past, has seriously undermined the "Stable" group's confidence and could cause rural voters to climb on Nu's bandwagon.

Army leadership is still divided on the proper course of action. Ne Win would probably be reluctant to cancel the elections, to which he is publicly committed, but he might sanction army intervention. Ne Win has no respect for Nu's administrative abilities and little faith in his integrity because of his opportunistic association with the pro-Communist National United Front in 1959.

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